

NOTES TO THE ACCOUNTS

1 Funding body grants	2015	2014
	£m	£m
Higher Education Funding Council for England (HEFCE)		
Recurrent grant	150.9	158.8
Specific grants	4.0	3.9
Deferred capital grant released in year (see note 24)		
Equipment	1.3	2.1
Buildings	13.8	13.8
	170.0	178.6

2 Academic fees and support grants		
Full-time home / EU students	102.0	88.2
Full-time overseas (non-EU) students	75.6	70.2
Other course fees	23.4	22.4
Research Training Support Grants	25.1	26.7
	226.1	207.5

3 Income: research grants and contracts		
Research councils	123.4	119.4
UK based charities	122.6	112.8
Other bodies	150.9	139.0
	396.9	371.2

Total research grants and contracts income excludes grants of £13.4m (2014: £18.1m) for the purchase of equipment but includes £15.6m (2014: £13.8m) released from deferred capital grants to match depreciation of which £12.0m (2014: £10.2m) related to equipment. See note 24.

4 Exceptional income: Research and Development Expenditure Credit

Research and Development Expenditure Credit (RDEC) receivable before deduction of tax	53.7	-
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RDEC is claimed from HM Revenue & Customs at a rate of 10% on qualifying research and development expenditure, and is received net of Corporation Tax (see note 10). The income recognised in the year relates to qualifying expenditure incurred between 1 April 2013 and 31 July 2015. The University is not eligible to claim for RDEC in relation to any expenditure incurred on or after 1 August 2015.

5 Examination and assessment services

Examination fees	324.0	306.8
Other examination and assessment services	43.0	34.4
	367.0	341.2

6 Other income

Other services rendered	42.7	37.4
Health and hospital authorities	20.4	18.4
Residences, catering and conferences	9.6	9.1
Income from intellectual property	10.7	10.1
Released from deferred capital grants (see note 24)	9.0	8.4
Unrestricted donations	13.1	12.8
Rental income	8.4	7.5
Donations of, and for the purchase of, heritage assets	1.5	0.5
Gain on disposal of tangible fixed assets	-	4.6
Sundry income	18.4	14.8
	133.8	123.6

7 Endowment and investment income

	Credited to	Excess	Underlying	
	funds as	over	income	
	income	income	2015	2014
	£m	£m	£m	£m
Income from expendable endowment asset investments	14.7	(11.5)	3.2	2.8
Income from permanent endowment asset investments	32.6	(26.1)	6.5	7.2
Income from fixed asset investments	42.4	(31.6)	10.8	11.6
Other investment income	2.5	-	2.5	3.0
Net interest on defined benefit pension schemes	2.3	-	2.3	-
	94.5	(69.2)	25.3	24.6

The University operates a unitised fund, the Cambridge University Endowment Fund (CUEF), for long-term investment in respect of individual restricted endowments and other balances, and by other group undertakings. The CUEF is managed on a total return basis and invests in asset classes some of which generate little or no income. Distributions are made to unit-holding funds according to a formula which has regard to the total return reasonably to be expected in the long term, in proportion to the number of units held. Investing funds receive distributions as income. In the year ended 31 July 2015, distributions by the CUEF exceeded income received in the year by the CUEF from its underlying investments by £69.2m (2014: £65.6m), the balance of the distributions being funded by drawing on long-term capital growth.

See note 27 for further information on the investments held by the CUEF.

Notes to the accounts (continued)

8 Staff costs	2015	2014
	£m	£m
Wages and salaries	552.5	506.2
Social security costs	51.4	45.8
Pension costs (see note 32)	106.4	98.2
	710.3	650.2

The average number of staff employed in the year, expressed as full-time equivalents, was:

14,816	13,857
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Remuneration of the Vice-Chancellor

	2015	2014
	£000	£000
Salary	294	288
Taxable benefits in kind	8	10
Total excluding employer pension contributions	302	298
Employer pension contributions	23	46
	325	344

Salary is the contractual salary before adjusting for salary sacrifice arrangements under which, in common with other employees, the Vice-Chancellor sacrificed an amount of pay and the University paid the same amount to the Universities Superannuation Scheme.

Remuneration of other higher paid staff

Remuneration for this purpose excludes employer's pension contributions except to the extent that these result from the sacrifice of an element of pay. The numbers in each band have been analysed by segment (see note 12).

	Education and research		Assessment and Press	2015 Total	2014 Total
	Clinical	Non-Clinical			
£100,001 - £110,000	20	62	18	100	93
£110,001 - £120,000	12	27	8	47	38
£120,001 - £130,000	8	21	6	35	34
£130,001 - £140,000	8	15	6	29	32
£140,001 - £150,000	14	8	9	31	26
£150,001 - £160,000	8	10	1	19	17
£160,001 - £170,000	17	-	-	17	19
£170,001 - £180,000	9	6	2	17	12
£180,001 - £190,000	2	3	2	7	9
£190,001 - £200,000	6	4	2	12	8
£200,001 - £210,000	5	5	1	11	8
£220,001 - £230,000	-	-	-	-	2
£230,001 - £240,000	1	1	-	2	2
£240,001 - £250,000	-	1	2	3	2
£250,001 - £260,000	-	1	-	1	2
£260,001 - £270,000	-	2	1	3	-
£290,001 - £300,000	-	-	-	-	1
£300,001 - £310,000	-	-	-	-	1
£310,001 - £320,000	-	-	-	-	2
£320,001 - £330,000	-	-	-	-	1
£330,001 - £340,000	-	2	-	2	-
£350,001 - £360,000	-	-	1	1	-
£400,001 - £410,000	-	-	-	-	2
£420,001 - £430,000	-	1	1	2	-

The above statistics include additional payments to employees of the University on behalf of NHS bodies.

Compensation for loss of office

Aggregate payments for compensation for loss of office paid to senior members of staff earning in excess of £100,000 per annum (none in 2014-15; seven in 2013-14):

	2015	2014
	£000	£000
Payments in respect of loss of office	-	796

*Notes to the accounts (continued)***9 Analysis of expenditure by activity**

	Staff costs £m	Other operating expenses £m	Deprec- iation £m	Interest payable £m	2015 Total £m	2014 £m
Academic departments	222.5	64.8	7.6	-	294.9	281.5
Academic services	23.6	18.0	0.8	-	42.4	43.1
Payments to Colleges (see note 35)	-	45.3	-	-	45.3	44.9
Research grants and contracts	181.2	145.1	15.7	-	342.0	317.7
Other activities:						
Examination and assessment services	102.9	197.2	18.6	-	318.7	295.4
Publishing and printing services	95.4	169.6	6.3	0.2	271.5	258.9
Other services rendered	11.3	27.4	0.1	-	38.8	33.2
Intellectual property	2.8	3.7	-	-	6.5	7.2
Residences, catering and conferences	2.6	9.4	-	-	12.0	11.1
Other activities total	215.0	407.3	25.0	0.2	647.5	605.8
Administration and central services:						
Administration	46.9	2.0	2.1	-	51.0	46.1
General educational	2.4	59.9	0.1	-	62.4	52.0
Staff and student facilities	3.1	1.4	-	-	4.5	4.4
Development office	5.2	5.1	-	-	10.3	7.9
Other	1.6	3.1	-	-	4.7	5.6
Administration and central services total	59.2	71.5	2.2	-	132.9	116.0
Premises	15.4	45.6	40.6	-	101.6	95.4
Interest payable on bond liabilities	-	-	-	13.2	13.2	13.1
Pension cost adjustments for CPS (see note 32)	(6.6)	-	-	-	(6.6)	(6.7)
Total per income and expenditure account	710.3	797.6	91.9	13.4	1,613.2	1,510.8

The depreciation charge has been funded by:

Deferred capital grants (see note 24)	39.7
Revaluation reserve (see note 26)	6.0
General income	46.2
	91.9

Other operating expenses include:

2015
£000

2014
£000

Auditors' remuneration

Audit fees payable to the University's external auditors	770	688
Other fees payable to the University's external auditors	331	152
Audit fees payable to other firms	77	80

Payments to trustees

Reimbursement of expenses to five (2014: three) external members of Council	5	5
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These amounts include related irrecoverable VAT.

10 Taxation

2015
£m

2014
£m

UK Corporation Tax	11.7	-
Foreign taxes	0.5	-
	12.2	-

As an exempt charity, the University is potentially exempt from Corporation Tax on income and gains falling within 287 of the Corporation Tax Act (CTA) 2009 and sections 471 and 478-488 CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The charge for UK Corporation Tax is solely in respect of Research and Development Expenditure Credit grants receivable - see note 4 above.

11 Surplus on reserves

The surplus for the year retained in general reserves is made up as follows:

University's surplus for the year	70.5	41.7
Surplus generated by subsidiary undertakings and transferred to the University	4.3	8.4
	74.8	50.1
Surplus dealt with in the accounts of the University		
Group level adjustments: Contributory Pension Scheme	7.7	6.7
Deficit retained in subsidiary undertakings	(21.7)	(13.1)
	60.8	43.7

*Notes to the accounts (continued)***12 Segmental reporting**

The group consisting of the University and its subsidiary undertakings has three principal classes of activity:

**Education and research
Assessment**

Examination and assessment services, carried out by the University of Cambridge Local Examinations Syndicate and subsidiary undertakings, collectively known as Cambridge Assessment

Press

Publishing and printing services, carried out by the Cambridge University Press Syndicate and subsidiary undertakings

Income, result for the year and net assets at the year end are attributable to the three segments as follows:

	Segment total income £m	Inter- segment income £m	Income from third parties £m	Surplus / deficit £m	Net assets £m
Year ended 31 July 2015					
Education and research	1,015.1	19.3	995.8	(27.7)	3,437.2
Assessment	369.8	-	369.8	33.3	461.3
Press	296.7	25.1	271.6	(0.4)	13.9
	1,681.6	44.4	1,637.2	5.2	3,912.4
Unallocated re Contributory Pension Scheme	1.1	-	1.1	7.7	(350.5)
Group	1,682.7	44.4	1,638.3	12.9	3,561.9
Year ended 31 July 2014					
Education and research	908.9	20.6	888.3	(55.3)	3,084.8
Assessment	351.0	-	351.0	38.2	400.2
Press	265.1	-	265.1	4.1	30.6
	1,525.0	20.6	1,504.4	(13.0)	3,515.6
Unallocated re Contributory Pension Scheme	-	-	-	6.7	(338.5)
Group	1,525.0	20.6	1,504.4	(6.3)	3,177.1

13 Intangible fixed assets: goodwill and others

	Group 2015 £m	Group 2014 £m	University 2015 £m	University 2014 £m
Opening balance	4.3	5.5	2.0	3.2
Additions in the year	0.5	0.6	0.6	(0.2)
Amortisation charge for the year	(1.3)	(1.6)	(0.9)	(1.0)
Currency adjustments	(0.1)	(0.2)	-	-
Closing balance	3.4	4.3	1.7	2.0

Notes to the accounts (continued)

14 Tangible fixed assets	Land and buildings	Assets in construction	Equipment	Heritage assets	2015 Total	2014 Total
Group	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 1 August	1,420.6	118.2	361.4	59.3	1,959.5	1,803.4
Additions at cost	14.2	189.5	33.6	1.5	238.8	167.6
Transfers	49.2	(59.9)	10.7	-	-	-
Transfers from fixed asset investments	-	-	-	-	-	1.9
Disposals	(11.6)	(0.1)	(7.4)	-	(19.1)	(10.9)
Currency adjustments	0.2	-	-	-	0.2	(2.5)
At 31 July	1,472.6	247.7	398.3	60.8	2,179.4	1,959.5
Accumulated depreciation						
At 1 August	421.8	-	265.3	-	687.1	609.4
Charge for the year	48.4	-	43.5	-	91.9	88.4
Elimination on disposals	(3.8)	-	(7.0)	-	(10.8)	(9.2)
Currency adjustments	0.1	-	0.1	-	0.2	(1.5)
At 31 July	466.5	-	301.9	-	768.4	687.1
Net book value						
At 31 July	1,006.1	247.7	96.4	60.8	1,411.0	1,272.4
At 1 August	998.8	118.2	96.1	59.3	1,272.4	1,194.0
University						
Cost or valuation						
At 1 August	1,425.4	118.1	351.0	59.3	1,953.8	1,795.2
Additions at cost	13.4	190.4	32.7	1.5	238.0	167.3
Transfers	50.2	(60.9)	10.7	-	-	-
Transfers from fixed asset investments	-	-	-	-	-	1.9
Disposals	(11.5)	(0.1)	(6.4)	-	(18.0)	(9.3)
Currency adjustments	0.1	-	-	-	0.1	(1.3)
At 31 July	1,477.6	247.5	388.0	60.8	2,173.9	1,953.8
Accumulated depreciation						
At 1 August	424.8	-	256.7	-	681.5	602.1
Charge for the year	48.9	-	42.6	-	91.5	87.7
Elimination on disposals	(3.8)	-	(6.2)	-	(10.0)	(7.8)
Currency adjustments	0.1	-	-	-	0.1	(0.5)
At 31 July	470.0	-	293.1	-	763.1	681.5
Net book value						
At 31 July	1,007.6	247.5	94.9	60.8	1,410.8	1,272.3
At 1 August	1,000.6	118.1	94.3	59.3	1,272.3	1,193.1

Land and buildings includes land totalling £94.8m (2014: £87.7m) which is not depreciated.

The cost to the group of freehold buildings and assets in construction consists of the cost incurred by the University less the surplus recorded in the accounts of Lynxvale Limited, a subsidiary undertaking, and eliminated on consolidation.

Heritage assets

The University holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. Most of these are housed in the University's nationally accredited museums and collections and in its libraries, providing a valuable research and educational resource locally, nationally and internationally as well as an unrivalled opportunity to present the University's work to a wide audience. Other collections are held in academic departments or are on display as public art. Major collections include those held by the University Library, a legal deposit, the Botanic Garden and the Fitzwilliam Museum.

In respect of its major collections, the University's practice, in accordance with the national accreditation standards, is: to preserve, conserve and manage the objects in its care; to augment the collections where appropriate and within the resources available; to enable and encourage access to and use of the collections for teaching and research; and to enable wide access to and engagement with the collections by members of the public.

As stated in the statement of principal accounting policies, heritage assets acquired since 1 August 1999 have been capitalised. The majority of assets held in the University's collections were acquired before 1 August 1999; because reliable estimates of cost or valuation are not available for these on a cost-benefit basis they have not been capitalised. As a result the total included in the balance sheet is partial.

Additions for the current and previous four years were as follows:	2015	2014	2013	2012	2011
	£m	£m	£m	£m	£m
Acquisitions purchased with specific donations	1.1	0.4	4.0	0.9	0.1
Value of acquisitions by donation	0.4	0.1	11.6	4.7	1.2
Total acquired by, or funded by, donations	1.5	0.5	15.6	5.6	1.3
Acquisitions purchased with University funds	-	0.5	0.7	0.3	0.1
Total acquisitions capitalised	1.5	1.0	16.3	5.9	1.4

*Notes to the accounts (continued)***15 Fixed asset investments**

	Group 2015 £m	Group 2014 £m	University 2015 £m	University 2014 £m
Opening balance	1,200.3	1,099.7	1,016.8	892.2
Net transfers to tangible fixed assets (see note 14)	-	(1.9)	-	(1.9)
Other net (disposals) / additions in the year	(32.1)	34.5	(13.6)	72.9
Valuation gains on investments	156.2	68.0	122.8	53.6
Closing balance	1,324.4	1,200.3	1,126.0	1,016.8
Represented by:				
CUEF units (see note 27)	1,082.9	1,002.1	862.8	803.7
Property	160.4	100.2	159.9	99.7
Securities	61.0	80.2	61.0	80.2
Money market investments	0.1	0.1	0.1	0.1
Investments in subsidiary undertakings	0.5	-	32.1	24.7
Spin-out and similar companies (see note 33)	17.3	16.7	9.6	8.4
Investments in joint ventures	2.2	1.0	0.5	-
	1,324.4	1,200.3	1,126.0	1,016.8

16 Endowment assets

CUEF units (see note 27)	1,319.5	1,179.5	1,096.1	979.4
Property	0.6	0.6	0.6	0.6
Securities	37.6	38.0	27.4	26.1
Spin-out and similar companies (see note 33)	6.2	4.6	6.2	4.6
Money market investments	89.3	78.6	82.7	71.8
Cash in hand and at investment managers	1.2	1.2	-	-
Bank balances	0.9	0.5	-	-
	1,455.3	1,303.0	1,213.0	1,082.5

17 Stocks and work in progress

Goods for resale	25.9	27.9	19.8	22.2
Pre-publication costs and other work in progress	29.0	25.9	27.4	24.5
	54.9	53.8	47.2	46.7

18 Debtors

Research grants recoverable	85.5	76.1	85.5	76.1
Amounts due from subsidiary undertakings	-	-	34.6	42.5
Debtors re examination and assessment services	81.6	78.2	79.9	77.8
Debtors re publishing and printing	88.3	78.6	67.3	60.9
Other debtors	103.5	63.0	90.1	53.0
	358.9	295.9	357.4	310.3

19 Current asset investments

CUEF units (see note 27)	149.2	102.3	592.7	500.8
Money market investments	203.8	234.3	210.5	239.8
Securities	0.4	-	0.4	-
Cash in hand and at investment managers	55.6	76.0	55.6	76.0
Other	-	0.1	-	0.1
	409.0	412.7	859.2	816.7
Representing:				
University	257.4	307.6	233.8	269.9
Held on behalf of:				
Subsidiary undertakings	-	-	473.8	441.7
Colleges and other associated bodies	151.6	105.1	151.6	105.1
Total held on behalf of others (see note 20)	151.6	105.1	625.4	546.8
	409.0	412.7	859.2	816.7

Current asset investments include investments held on behalf of subsidiary undertakings, Colleges and other associated bodies. The book value of these investments is included in creditors due within one year.

Notes to the accounts (continued)

	Group 2015 £m	Group 2014 £m	University 2015 £m	University 2014 £m
20 Creditors: amounts falling due within one year				
Bank overdraft	12.1	3.0	12.0	3.0
Current portion of long-term bank loan	0.8	1.0	0.8	0.7
Research grants received in advance	223.6	175.0	218.5	173.8
Amounts due to subsidiary undertakings	-	-	11.0	19.2
Creditors re examination and assessment services	75.3	77.3	55.4	56.2
Creditors re publishing services	89.9	76.1	80.8	68.7
Other creditors	163.4	193.2	143.5	172.2
Investments held on behalf of subsidiary undertakings, Colleges and other associated bodies (see note 19)	151.6	105.1	625.4	546.8
	716.7	630.7	1,147.4	1,040.6
21 Creditors: amounts falling due after more than one year				
Bond liabilities	342.4	342.3	342.4	342.3
Bank loans	1.7	2.3	1.7	2.3
Loan from minority interest	1.1	1.2	-	-
Deferred income	0.9	0.5	-	-
	346.1	346.3	344.1	344.6

On 17 October 2012 the University issued £350m of 3.75% unsecured Bonds due October 2052 (the "Bonds"). The Bonds were issued at 98.168% of their principal amount. The proceeds of issue, less directly attributable transaction costs, amounted to £342m. Interest at 3.75% pa is payable on 17 April and 17 October each year commencing on 17 April 2013. The Bonds are listed on the London Stock Exchange. Unless previously redeemed, the Bonds will be redeemed at their principal amount of £350m on 17 October 2052. The Bonds are initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the Bonds are measured at amortised cost using the effective interest rate method.

22 Pension liabilities

The pension liabilities have been measured in accordance with the requirements of FRS 17.

Opening balance	417.4	363.6	78.9	72.5
Movement in year:				
Current service cost	23.8	22.5	2.3	2.6
Contributions	(34.6)	(35.0)	(6.4)	(7.2)
Other finance (income) / cost	(3.2)	1.4	(2.1)	0.2
Currency adjustments	0.2	(0.3)	0.2	(0.3)
Actuarial loss recognised in statement of total recognised gains and losses	35.8	65.2	16.0	11.1
Closing balance	439.4	417.4	88.9	78.9
These liabilities relate to the following defined benefit schemes disclosed in note 32:				
Cambridge University Assistants' Contributory Pension Scheme (CPS)	350.6	338.5	-	-
Cambridge University Press UK defined benefit schemes (PCPF and PSSPS)	84.8	76.9	84.8	76.9
Cambridge University Press US defined benefit plan (DBP)	4.0	2.0	4.1	2.0
	439.4	417.4	88.9	78.9

23 Other retirement benefits liability**Group and University**

The liability has been measured in accordance with the requirements of FRS 17 and relates to unfunded post-retirement medical and insurance schemes.

	2015 £m	2014 £m
Opening balance	21.0	24.2
Movement attributable to the year:		
Current service cost less benefits paid	(0.1)	(0.1)
Contributions	(0.3)	(0.3)
Other finance cost	0.9	1.0
Currency adjustments	0.4	(0.5)
Actuarial gain recognised in statement of total recognised gains and losses	(2.1)	(3.3)
Closing balance	19.8	21.0

*Notes to the accounts (continued)***24 Deferred capital grants**

Group and University	Funding Council	Research Grants	Other Grants	2015 Total	2014
	£m	£m	£m	£m	£m
Balance 1 August					
Buildings	257.3	58.9	178.9	495.1	488.7
Equipment	1.5	26.2	0.5	28.2	22.5
	258.8	85.1	179.4	523.3	511.2
Grants received					
Buildings	48.8	10.9	19.2	78.9	32.2
Equipment	0.1	13.4	0.2	13.7	18.2
	48.9	24.3	19.4	92.6	50.4
Released to income and expenditure					
Buildings - for depreciation	(13.8)	(3.6)	(8.7)	(26.1)	(25.8)
Equipment - for depreciation	(1.3)	(12.0)	(0.3)	(13.6)	(12.3)
Equipment - on disposals	-	(0.2)	-	(0.2)	(0.2)
	(15.1)	(15.8)	(9.0)	(39.9)	(38.3)
Balance 31 July					
Buildings	292.3	66.2	189.4	547.9	495.1
Equipment	0.3	27.4	0.4	28.1	28.2
	292.6	93.6	189.8	576.0	523.3

25 Endowments

Group	Expendable	Permanent	2015 Total	2014 Total
	£m	£m	£m	£m
Balance 1 August	442.2	860.8	1,303.0	1,251.4
New endowments received	24.2	3.3	27.5	30.7
Income receivable from endowment asset investments (see note 7)	3.2	6.5	9.7	10.0
Expenditure	(33.2)	(24.7)	(57.9)	(60.3)
Valuation gains on investments	55.9	117.1	173.0	71.2
Balance 31 July	492.3	963.0	1,455.3	1,303.0
Capital	469.5	831.5	1,301.0	1,172.6
Unspent income	22.8	131.5	154.3	130.4
Balance 31 July	492.3	963.0	1,455.3	1,303.0
Representing:				
Trust and Special Funds:				
Professorships, Readerships and Lectureships	57.5	473.2	530.7	473.2
Scholarships and bursaries	20.6	123.4	144.0	131.3
Other	83.8	355.6	439.4	436.7
Gates Cambridge Trust	230.8	-	230.8	208.3
Specific donations	94.2	-	94.2	38.8
Examination Board restricted funds	5.4	-	5.4	5.0
General endowments	-	10.8	10.8	9.7
Group total	492.3	963.0	1,455.3	1,303.0

Transfer to income and expenditure account

The transfer from endowments to the income and expenditure account represents the extent to which expenditure has been funded from endowment funds, after deducting the related investment income which is credited separately as part of total income. The transfer is calculated as follows:

Expenditure	33.2	24.7	57.9	60.3
Less investment income	(3.2)	(6.5)	(9.7)	(10.0)
Transfer to income and expenditure account	30.0	18.2	48.2	50.3

University

Balance 1 August	225.1	857.4	1,082.5	1,039.0
New endowments received	17.2	3.3	20.5	21.6
Income receivable from endowment asset investments	1.9	6.3	8.2	8.7
Expenditure	(17.6)	(24.5)	(42.1)	(45.6)
Valuation gains on investments	27.2	116.7	143.9	58.8
Balance 31 July	253.8	959.2	1,213.0	1,082.5
Capital	231.0	827.7	1,058.7	952.1
Unspent income	22.8	131.5	154.3	130.4
Balance 31 July	253.8	959.2	1,213.0	1,082.5

*Notes to the accounts (continued)***26 Reserves**

	General reserves £m	Operational property revaluation reserve £m	Fixed asset investment revaluation reserve £m	2015 Total £m	2014 Total £m
Group					
Balance 1 August	973.6	115.1	261.3	1,350.0	1,309.0
Surplus retained for the year	60.8	-	-	60.8	43.6
Actuarial loss	(33.7)	-	-	(33.7)	(61.8)
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	-	-	-
Transfer in respect of disposals of fixed asset investments	95.2	-	(95.2)	-	-
Loss arising on foreign currency translation	(3.5)	-	-	(3.5)	(8.8)
Valuation gains on investments	-	-	156.2	156.2	68.0
Balance 31 July	1,098.4	109.1	322.3	1,529.8	1,350.0
Reserves are reduced by the net liabilities in respect of retirement benefits					
Reserves before net liabilities in respect of retirement benefits	1,557.6	109.1	322.3	1,989.0	1,788.4
Effect of pension liability (see note 22)	(439.4)	-	-	(439.4)	(417.4)
Effect of liability for other retirement benefits (see note 23)	(19.8)	-	-	(19.8)	(21.0)
Reserves balance at 31 July	1,098.4	109.1	322.3	1,529.8	1,350.0
University					
Balance 1 August	1,156.0	115.1	212.4	1,483.5	1,393.7
Surplus retained for the year	74.8	-	-	74.8	50.1
Actuarial loss	(13.9)	-	-	(13.9)	(7.8)
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	-	-	-
Transfer in respect of disposals of fixed asset investments	72.4	-	(72.4)	-	-
Loss arising on foreign currency translation	(1.8)	-	-	(1.8)	(6.1)
Valuation gains on investments	-	-	122.8	122.8	53.6
Balance 31 July	1,293.5	109.1	262.8	1,665.4	1,483.5

*Notes to the accounts (continued)***27 Cambridge University Endowment Fund (CUEF)**

The University operates a unitised fund, the Cambridge University Endowment Fund (CUEF), for long-term investment in respect of individual restricted endowments and other balances, and by other group undertakings. The assets of the CUEF were held in the following categories:

	31 July 2015		31 July 2014	
	£m	%	£m	%
Public equity	1,564.3	61.3%	1,449.6	63.5%
Private investment	237.0	9.3%	206.8	9.1%
Absolute return	345.3	13.5%	269.5	11.8%
Credit	44.6	1.7%	72.9	3.2%
Real assets	239.7	9.4%	195.7	8.6%
Fixed interest / cash	120.7	4.7%	89.4	3.9%
Total value of fund	2,551.6	100.0%	2,283.9	100.0%

Public equity includes all equity stocks traded on a liquid market, together with related index funds and derivatives (such as futures).

Private investment includes investments where initial capital commitments are drawn down over a period, and the proceeds of the investments once disposed of are returned over the life of each fund. The underlying investments may include unlisted equities and / or corporate credits (such as bonds, loans and other claims).

Absolute return includes investments in trading strategies which are to some degree independent of overall equity market movements. Funds where different equities are simultaneously held (long) and sold (short) are included in this category.

Credit includes corporate securities (such as bonds and loans) traded on a liquid public market.

Real assets includes investments which are expected to some degree to increase in nominal value to match inflation. This category includes commercial property, and securities which reflect the level of commodity values. Inflation-linked government securities are, however, included in the fixed interest category below.

Fixed interest / cash includes cash at bank and on deposit, government securities, the net value of foreign currency contracts and any amounts receivable in general; less amounts payable, including those arising from holding derivative contracts.

The assets of the CUEF are included in the following balance sheet captions in proportion to the number of units held by the relevant funds:

	Group	Group	University	University
	2015	2014	2015	2014
	£m	£m	£m	£m
Fixed asset investments (see note 15)	1,082.9	1,002.1	862.8	803.7
Endowment assets (see note 16)	1,319.5	1,179.5	1,096.1	979.4
Current asset investments (see note 19) - balances held on behalf of:				
Subsidiary undertakings	-	-	443.5	398.5
Colleges	136.9	91.2	136.9	91.2
Other associated bodies	12.3	11.1	12.3	11.1
Total included in current asset investments	149.2	102.3	592.7	500.8
Total value of units	2,551.6	2,283.9	2,551.6	2,283.9

Notes to the accounts (continued)

28 Reconciliation of consolidated operating surplus / (deficit) to net cash inflow from operating activities	2015	2014		
	£m	£m		
Surplus / (deficit) on continuing operations	25.1	(6.3)		
Depreciation of tangible fixed assets	91.9	88.4		
Amortisation of goodwill	1.3	1.6		
Surplus on disposal of tangible fixed assets	-	(4.6)		
Deferred capital grants released to income	(39.7)	(38.1)		
Donations of, and for the purchase of, heritage assets	(1.5)	(0.5)		
Investment income	(25.3)	(24.6)		
Interest payable	13.4	15.7		
Pension cost less contributions payable (see note 22)	(10.8)	(12.5)		
Other retirement benefits - cost less contributions payable (see note 23)	(0.4)	(0.4)		
Currency adjustments	(3.1)	(9.7)		
	50.9	9.0		
Increase in stock	(1.1)	6.4		
Increase in debtors	(74.7)	(23.1)		
Increase in creditors	27.4	11.5		
Net cash inflow from operating activities	2.5	3.8		
29 Cash flows				
Returns on investments and servicing of finance				
Endowment and investment income received	23.0	24.6		
Interest paid	(13.3)	(13.3)		
Net cash inflow from returns on investments and servicing of finance	9.7	11.3		
Financing				
Repayment of long-term loans	(0.9)	(1.2)		
Net cash inflow / (outflow) from financing	(0.9)	(1.2)		
30 Analysis of net funds				
	Group	Group	Increase /	Increase /
	2015	2014	(decrease)	(decrease)
	£m	£m	2015	2014
			£m	£m
Cash at bank and in hand	67.0	50.1	16.9	(11.2)
Bank balances included in endowment assets (note 16)	0.9	0.5	0.4	(0.5)
Bank overdrafts (note 20)	(12.1)	(3.0)	(9.1)	0.6
Net cash and bank overdraft	55.8	47.6	8.2	(11.1)
Money market investments:				
Included in endowment assets (note 16)	89.3	78.6	10.7	19.0
Included in current asset investments (note 19)	203.8	234.3	(30.5)	(59.0)
Less held on behalf of others	(2.4)	(2.8)	0.4	1.2
Debt due after one year (note 21)	(345.2)	(345.8)	0.6	1.5
Debt due within one year (note 20)	(0.8)	(1.0)	0.2	(0.3)
Net funds	0.5	10.9	(10.4)	(48.7)
31 Capital commitments			2015	2014
			£m	£m
Commitments for capital expenditure:				
Commitments contracted at 31 July			344.5	167.2
Authorised but not contracted at 31 July			271.9	351.0
Commitments for capital calls on investments:			328.0	193.3

*Notes to the accounts (continued)***32 Pension schemes**

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Cambridge University Assistants' Contributory Pension Scheme (CPS). Cambridge University Press operates two defined benefit schemes for its UK staff, the Press Contributory Pension Fund (PCPF) and the Press Senior Staff Pension Scheme (PSSPS). With the exception (from 1 January 2013) of the CPS, employees covered by the schemes are contracted out of the State Second Pension. The assets of the schemes are held in separate trustee-administered funds. The USS and the CPS are not closed, nor is the age profile of their active membership rising significantly. The PCPF and the PSSPS have been closed to new members.

The schemes are defined benefit schemes which are valued every three years using the projected unit method by professionally qualified actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

Universities Superannuation Scheme (USS)

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 (Retirement benefits), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Triennial valuation of the scheme

The latest triennial actuarial valuation of the scheme was at 31 March 2014. The assumptions that have the most significant effect on the result of the valuation were as follows:

Investment returns per annum	5.2% in year 1, decreasing linearly over 20 years to 4.7%
Salary scale increases per annum	4.40%
Pension increases per annum	2.60%
Mortality - equivalent life expectancy for members reaching retirement age of 65:	
Males currently aged 65	89
Males currently aged 45	91
Females currently aged 65	91
Females currently aged 45	94

At the valuation date, the value of the assets of the scheme was £41,605m and the value of the scheme's technical provisions was £46,900m. The assets were therefore sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

At 31 March 2015 the actuary has estimated that the funding level had fallen from 89% to 86%. This estimate was based on the results from the valuation at 31 March 2014 allowing primarily for investment returns and changes to market conditions.

The employer contribution rate payable by the University in the year ended 31 July 2015 was 16% of pensionable pay. The scheme's trustees have determined a recovery plan to pay off the shortfall shown by the 31 March 2014 valuation by 31 March 2031; under the recovery plan the University's contribution rate will increase to 18% of pensionable pay from 1 April 2016. The contribution rate will be reviewed as part of each triennial valuation and may be reviewed more frequently.

At 31 March 2014, USS had over 162,000 active members; the University and its subsidiary undertakings had 7,222 active members participating in the scheme.

Cambridge University Assistants' Contributory Pension Scheme (CPS)

The CPS was established under the authority of the Universities of Oxford and Cambridge Act 1923. It is a registered pension scheme for the purposes of the Finance Act 2004. The active members of the scheme are employees of the University and its subsidiary undertakings. The scheme's benefit structure changed significantly from 1 January 2013, at which point employees covered by the schemes ceased to be contracted out of the State Second Pension.

Triennial valuation of the scheme

A full triennial valuation of the scheme was carried out by the actuary for the trustees of the scheme for funding purposes as at 31 July 2012. The results showed the actuarial value of the scheme's assets as £377m. These were insufficient to cover the scheme's past service liabilities of £511m; the scheme had a deficit of £134m and was 74% funded.

From 1 August 2013 employer contributions were set at 11.5% of pensionable pay for existing members at 31 December 2012 and 5.8% of pensionable pay (together with contributions at 5.0% to a separate defined contribution arrangement) for new entrants from 1 January 2013. In addition fixed employer contributions totalling £14.6m per annum are payable over the period from 1 August 2011 to 31 July 2025.

The results of the triennial actuarial valuation as at 31 July 2015 are awaited.

*Notes to the accounts (continued)***32 Pension schemes (continued)****CPS: Pension costs under FRS 17**

For accounting purposes the scheme's assets are measured at market value and liabilities are valued using the projected unit method and discounted using the gross redemption yield for corporate AA rated bonds. The valuation uses market-based assumptions and asset valuations, and represents a current valuation. It does not impact on the joint contribution rate set by the trustees of the scheme. The principal assumptions used by the actuary were:

	2015	2014
Discount rate	3.55%	4.20%
Expected rate of return on scheme assets at beginning of year	7.15%	7.15%
Rate of increase in salaries	4.00%	4.15%
Rate of increase in pensions in deferment	3.25%	3.40%
Rate of increase in pensions in payment	3.25%	3.40%
Mortality - equivalent life expectancy for members reaching the age of 65:		
Males currently aged 65	87	87
Males currently aged 45	88	88
Females currently aged 65	90	90
Females currently aged 45	91	92

The following results were measured in accordance with the requirements of FRS 17, based on the assumptions summarised above:

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Opening	(848.9)	(756.7)	510.4	465.6	(338.5)	(291.1)
Current service cost	(21.5)	(19.9)	-	-	(21.5)	(19.9)
Employer contributions	-	-	28.1	28.0	28.1	28.0
Expected return on scheme assets	-	-	36.8	33.6	36.8	33.6
Contributions by members	(0.6)	(0.6)	0.6	0.6	-	-
Transfers in from other scheme	-	(0.8)	-	0.8	-	-
Interest cost	(35.7)	(34.9)	-	-	(35.7)	(34.9)
Actuarial (losses) / gains	(16.6)	(55.5)	(3.2)	1.3	(19.8)	(54.2)
Benefits and expenses paid	21.4	19.5	(21.4)	(19.5)	-	-
Closing defined benefit obligation	(901.9)	(848.9)	551.3	510.4	(350.6)	(338.5)

The amounts recognised in the income and expenditure account were as follows:

	2015 £m	2014 £m
In endowment and investment income:		
Expected return on pension scheme assets	36.8	-
Less: interest on pension scheme liabilities	(35.7)	-
	1.1	-
In interest and other finance costs:		
Interest on pension scheme liabilities	-	34.9
Less: expected return on pension scheme assets	-	(33.6)
	-	1.3
In staff costs: current service cost	21.5	19.9

The total of actuarial losses recognised in the statement of total recognised gains and losses was £19.8m (2014: £54.2m).

Amounts for the current and previous four years were as follows:

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Defined benefit obligation	(901.9)	(848.9)	(756.7)	(642.8)	(587.7)
Plan assets	551.3	510.4	465.6	377.4	359.4
Deficit at the balance sheet date	(350.6)	(338.5)	(291.1)	(265.4)	(228.3)
Experience gains / (losses) for the year on plan liabilities	26.6	8.0	4.4	9.2	(1.6)
Experience gains / (losses) for the year on plan assets	(3.2)	1.3	39.9	(22.4)	9.3

The above results have been recognised in the consolidated balance sheet. The University is, however, unable to identify its own share of the underlying assets and liabilities in the scheme, as distinct from that attributable to subsidiary undertakings, on a reasonable and consistent basis. For the University itself, therefore, pension costs are accounted for as if the CPS were a defined contribution scheme, and the University's own balance sheet does not include a pension liability in respect of the CPS.

*Notes to the accounts (continued)***32 Pension schemes (continued)****Cambridge University Press UK defined benefit schemes (PCPF and PSSPS)****Triennial valuation of the schemes**

Full triennial valuations of the schemes were carried out by the actuary for the trustees of the schemes for funding purposes as at 1 January 2013.

Pension costs under FRS 17

For accounting purposes the schemes' assets are measured at market value and liabilities are valued using the attained age method and discounted using the gross redemption yield for corporate AA rated bonds. The valuations use market-based assumptions and asset valuations, and represent current valuations. They do not impact on the joint contribution rates set by the trustees of the schemes. The actuary has updated the 1 January 2013 valuation to 31 July 2014 and 31 July 2015 for the purposes of these financial statements. The principal assumptions used by the actuary for both schemes were:

	2015	2014
Discount rate	3.55%	4.20%
Expected rate of return on scheme assets at beginning of year	6.70%	6.00%
Rate of increase in salaries - schemes are now on frozen current salary basis	0.00%	0.00%
Rate of increase in pensions in deferment	3.50%	3.60%
Rate of increase in pensions in payment	3.50%	3.60%
Mortality - equivalent life expectancy for members at age 60:		
Males	87	87
Females	90	90

The following results were measured in accordance with the requirements of FRS 17, based on the assumptions summarised above. The results for the two schemes have been amalgamated.

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Opening	(273.4)	(258.1)	196.5	188.4	(76.9)	(69.7)
Current service cost	(1.9)	(1.8)	-	-	(1.9)	(1.8)
Employer contributions	-	-	6.0	6.1	6.0	6.1
Expected return on scheme assets	-	-	13.0	11.2	13.0	11.2
Contributions by members	(0.2)	(0.2)	0.2	0.2	-	-
Interest cost	(11.3)	(11.7)	-	-	(11.3)	(11.7)
Actuarial (losses) / gains	(23.2)	(12.2)	9.5	1.2	(13.7)	(11.0)
Benefits and expenses paid	11.0	10.6	(11.0)	(10.6)	-	-
Closing defined benefit obligation	(299.0)	(273.4)	214.2	196.5	(84.8)	(76.9)

The amounts recognised in the income and expenditure account were as follows:

	2015	2014
	£m	£m
In endowment and investment income:		
Expected return on pension scheme assets	13.0	-
Less: interest on pension scheme liabilities	(11.3)	-
	1.7	-
In interest and other finance costs:		
Interest on pension scheme liabilities	-	11.7
Less: expected return on pension scheme assets	-	(11.2)
	-	0.5
In staff costs: current service cost	1.9	1.8

The total of actuarial losses recognised in the statement of total recognised gains and losses was £13.7m (2014: £11.0m).

Amounts for the current and previous four years were as follows:

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Defined benefit obligation	(299.0)	(273.4)	(258.1)	(271.7)	(241.4)
Plan assets	214.2	196.5	188.5	177.1	166.9
Deficit at the balance sheet date	(84.8)	(76.9)	(69.6)	(94.6)	(74.5)
Experience gains / (losses) for the year on plan liabilities	-	-	17.8	(4.2)	(8.4)
Experience gains for the year on plan assets	9.5	1.2	6.5	3.5	10.9

*Notes to the accounts (continued)***32 Pension schemes (continued)**

The University also has a smaller number of staff in other pension schemes, including the National Health Service Pension Scheme (NHSPS). Further disclosures are not given as the balances and movements are not material.

The total pension cost for the year (see note 8) was:

	Employer contributions	FRS 17 adjustment	Total	Employer contributions	FRS 17 adjustment	Total
	2015	2015	2015	2014	2014	2014
	£m	£m	£m	£m	£m	£m
USS	75.7	-	75.7	69.6	-	69.6
CPS	28.2	(6.6)	21.6	28.1	(8.1)	20.0
PCPF	2.6	(1.0)	1.6	2.6	(1.2)	1.4
PSSPS	3.4	(3.1)	0.3	3.5	(3.1)	0.4
NHSPS	2.2	-	2.2	2.1	-	2.1
Other pension schemes	5.1	(0.1)	5.0	4.8	(0.1)	4.7
	117.2	(10.8)	106.4	110.7	(12.5)	98.2

33 Principal subsidiary and associated undertakings and other significant investments

The following undertakings were subsidiary undertakings throughout the year ended 31 July 2015. Except where stated, the accounting reference date is 31 July and the undertaking is a wholly-owned company registered in England and Wales.

Name	Notes	Principal activity
Cambridge Centre for Advanced Research in Energy Efficiency in Singapore Limited	a	Research and development
Cambridge Enterprise Limited		Consultancy and commercial exploitation of intellectual property
IFM Education and Consultancy Services Limited		Consultancy and commercial exploitation of intellectual property
Cambridge Investment Management Limited		Investment management
Cambridge Institute for Sustainability Leadership (Australia)	b	Sustainability leadership programmes
Cambridge Institute for Sustainability Leadership (South Africa)	c	Sustainability leadership programmes
Cambridge University Technical Services Limited		Consultancy and commercial exploitation of intellectual property
The Dennis S Avery and Sally Tsui Wong-Avery Endowment Trust	d	Advancement of education and research in cosmology at the University
Fitzwilliam Museum (Enterprises) Limited		Publication of fine art books and sale of museum merchandise
JBS Executive Education Limited		Corporate education services
Lynxvale Limited		Construction and development services
University of Cambridge Dental Practice Limited		Dental services
UTS Cambridge		Primary school education
Associated Trusts	d	Provision of scholarships, grants and other support for the education of overseas students in the University
Cambridge Commonwealth, European and International Trust		
Gates Cambridge Trust		
Malaysian Commonwealth Studies Centre in Cambridge		
Cambridge Assessment subsidiary undertakings		
Cambridge Assessment Overseas Limited		Overseas office services
Cambridge Assessment Singapore	e	Overseas office services
Cambridge Avaliacao Representacao e Promocao Ltda	f	Overseas office services
Cambridge Assessment Inc	g	Holding entity
Cambridge English (Aus)	h	Examination services
Cambridge Boxhill Language Pty Limited	h	Examination services
Fundacion UCLES	i	Overseas office services
Oxford and Cambridge International Assessment Services Limited		Overseas office services
Oxford Cambridge and RSA Examinations	d	Examination and assessment services

*Notes to the accounts (continued)***33 Principal subsidiary and associated undertakings and other significant investments (continued)**

Cambridge University Press subsidiary undertakings	j	
Academic Journal Publishing Pty Limited	h	Intermediate holding company
Australian Academic Press Pty Group Limited	h	Publishing and distribution
Cambridge Kazakhstan Limited		Education consultancy
Cambridge Knowledge (China) Limited	k	Representative office
Cambridge University Press (Greece) EPE	l	Representative office
Cambridge University Press (Holdings) Limited		Multi-purpose holding company
Cambridge University Press India (Private) Limited	m	Publishing and distribution
Cambridge University Press Satış ve Dağıtım Ticaret Limited Şirketi	n	Representative office
Cambridge University Press South Africa (Proprietary) Limited	o	Publishing and distribution
Cambridge Hitachi-Solutions Education Limited	p	Electronic educational publishing
Editorial Edicambridge Cia Ltda	q	Representative office
Digital Services Cambridge Limited		Software development
ELT Trading Limited	r	Publishing
HOTmaths Pty Limited	s	Web-based maths digital learning
United Publishers Services Limited	k	Distribution
Cambridge ClassServer LLP	t	Development of digital educational material for China
a		Cambridge Centre for Advanced Research in Energy Efficiency in Singapore Limited is incorporated in Singapore and has an accounting reference date of 31 March for commercial reasons. The effect of this is not material to the consolidated accounts.
b		Cambridge Institute for Sustainability Leadership (Australia) is incorporated in Australia and has an accounting reference date of 30 June for commercial reasons. The effect of this is not material to the consolidated accounts.
c		Cambridge Institute for Sustainability Leadership (South Africa) is incorporated in South Africa.
d		These entities are exempt charities established by trust deeds (see note 36).
e		Cambridge Assessment Singapore is incorporated in Singapore.
f		Cambridge Avaliacao Representacao e Promocao Ltda is incorporated in Brazil.
g		Cambridge Assessment Inc is a United States non-stock non-profit corporation.
h		Cambridge English (Aus), Cambridge Boxhill Language Pty Limited, Academic Journal Publishing Pty Limited and Australian Academic Press Pty Group Limited are incorporated in Australia.
i		Fundacion UCLES is incorporated in Spain.
j		Cambridge University Press subsidiary undertakings have an accounting reference date of 30 April for commercial reasons, with the exceptions of the companies incorporated in India (31 March) and Mexico (31 December).
k		Cambridge Knowledge (China) Limited and United Publishers Services Limited are incorporated in Hong Kong.
l		Cambridge University Press (Greece) EPE is incorporated in Greece.
m		Cambridge University Press India (Private) Limited is incorporated in India.
n		Cambridge University Press Satış ve Dağıtım Ticaret Limited Şirketi is incorporated in Turkey
o		Cambridge University Press South Africa (Proprietary) Limited is a 75% subsidiary incorporated in South Africa.
p		The University holds 60% of the issued share capital in Cambridge Hitachi-Solutions Education Limited.
q		Editorial Edicambridge Cia Ltda is incorporated in Ecuador.
r		ELT Trading Limited is incorporated in Mexico.
s		HOTmaths Pty Limited is a 55% subsidiary incorporated in Australia.
t		Cambridge ClassServer LLP is a limited liability partnership registered in England and Wales, in which the University has a two thirds interest acting through Cambridge Assessment and Cambridge University Press.

Other significant investments

The University has interests in a number of spin-out companies formed to exploit intellectual property rights or inventions. These are included at valuation in fixed asset investments (see note 15) and endowment assets (see note 16). In some cases the University's interest amounted to 20% or more of the share capital at the year end, and these companies are listed below. As the University does not exercise a significant influence over these investments and they are not intended to be held for the long-term, they are not accounted for as associated undertakings. Other undertakings where the University's investment amounts to 20% or more are also listed below. These are not accounted for as associated undertakings as the effect on the financial statements would not be material.

Name	% interest	Principal Activity
Ampika Limited	40	Commercial exploitation of intellectual property
AQDOT Limited	20	Commercial exploitation of intellectual property
Cambridge EpiGenetix Limited	52	Commercial exploitation of intellectual property
Cambridge in America	22	Fundraising
Jukedeck Limited	22	Commercial exploitation of intellectual property
Microbial Technics Limited	23	Commercial exploitation of intellectual property
Reduse Limited	24	Commercial exploitation of intellectual property
Sphere Fluidics Limited	23	Commercial exploitation of intellectual property
The CRISP Consortium Limited	45	Commercial exploitation of intellectual property

In addition, at the year end the University held an interest of 33.5% in Cambridge Innovation Capital plc as part of its investment portfolio. Movements in the carrying value of this investment are not taken through the income and expenditure account.

*Notes to the accounts (continued)***34 Related party transactions**

The financial statements of the University include transactions with related parties. In accordance with FRS 8 (Related Party Transactions), these are disclosed where members of the Council disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's financial statements and / or to the other party. Due to the nature of the University's operations and the composition of its Council, it is inevitable that the University will enter into transactions in the normal course of business with Colleges, NHS Trusts, Research Councils, other grant-awarding bodies and other private and public sector organisations in which members of the Council may have an interest. All transactions involving organisations in which members of Council may have such an interest, including those summarised below, are conducted in accordance with the University's financial regulations and usual procurement procedures. A register of the interests of the members of the Council is maintained. The University has taken advantage of the exemption within FRS 8 and has not disclosed transactions with other group entities where it holds 100% of the voting rights.

Transactions with Colleges are summarised in note 35 below. Included within the financial statements are other transactions with the following related parties:

Academy of Medical Sciences

The Academy of Medical Sciences is an independent registered charity governed by a Council that includes a member of the University's Council. Research grants and contracts income for the year ended 31 July 2015 includes £337,000 in respect of grants funded by the Academy.

Cambridge University Students' Union

The President of Cambridge University Students' Union was also a member of the University's Council for the 2014-15 financial year. Under *Statutes and Ordinances*, Chapter II, the University has discretion to provide financial assistance to the Union and, in the year ending 31 July 2015, provided a grant of £249,000 and made other payments totalling £9,000 for services provided. The Union made payments to the University totalling £13,000 for temporary staff, network and other services provided.

Gatsby Charitable Foundation

Lord Sainsbury of Turville, who was elected as Chancellor of the University in October 2011, is settlor of the Gatsby Charitable Foundation (Gatsby) and, together with the Gatsby Trustees, is actively involved in setting the Foundation's strategic direction and approving its activities. In 2006 the University approved a proposal to establish a Sainsbury Laboratory for plant science in Cambridge, with Gatsby providing capital funding and research funds over a ten year period. The Sainsbury Laboratory was completed in the year ended 31 July 2011, with Gatsby capital contributions totalling £74m. Research grants and contracts income for the year ended 31 July 2015 includes £7.0m in respect of continuing grants funded by Gatsby.

Higher Education Funding Council for England

The Higher Education Funding Council for England (HEFCE) allocates funding from the Government to universities and colleges in England. HEFCE is led by the HEFCE Board that includes a member of the University's Council. Funding received from HEFCE is included in funding body grants (see note 1) and in deferred capital grants (see note 24) in accordance with the University's accounting policies. At 31 July 2015 current liabilities included £11.4m in respect of funding received from HEFCE but not yet recognised as deferred capital grants or as income.

Kidney Research UK

Kidney Research UK is a registered charity governed by a Board of Trustees that includes a member of the University's Council. Research grants and contracts income for the year ended 31 July 2015 includes £128,000 receivable in respect of grants funded by Kidney Research UK.

PervasID Limited

PervasID Limited is a private limited company spun out from research activity in the Department of Engineering that includes a member of the University's Council as a Director. In the year ending 31 July 2015, the University made payments of £97,000 to PervasID Limited.

Royal Society

The Royal Society is a registered charity governed by a Council of distinguished scientists that includes a member of the University's Council. Research grants and contracts income for the year ended 31 July 2015 includes £5.4m in respect of grants funded by the Royal Society.

University of Cambridge Graduate Union

The President of the Graduate Union was also a member of the University's Council for the 2014-15 financial year. Under *Statutes and Ordinances*, Chapter II, the University has discretion to provide financial assistance to the Graduate Union and, in the year ending 31 July 2015, provided a grant of £86,000. The Union made payments to the University totalling £10,000 for network and other services provided.

*Notes to the accounts (continued)***35 Colleges**

There are 31 Colleges, each of which is an independent corporation with its own property and income. Each College publishes its own financial statements, in a form specified by the University.

During the year payments were made by the University from HEFCE funding in respect of the College fees of publicly-funded undergraduates of £45.3m (2014: £44.9m). These payments are included as "Payments to Colleges" in note 9 above. The University also made payments in respect of the College fees of postgraduate students totalling £5.8m (2014: £5.4m). These payments are included in other operating expenses. Other operating expenses also include £4.6m (2014: £5.0m) in respect of payments to the Isaac Newton Trust, a charitable trust established by Trinity College, as contributions to a bursary scheme for students of the University. The University distributed third party donations to the Colleges totalling £7.2m (2014: £9.3m); these payments are not included in the consolidated income and expenditure account. During the year the University provided printing, network and other services to the Colleges for which the Colleges paid a total of £3.2m (2014: £2.9m), and the Colleges provided accommodation, catering and other services to the University for which the University paid a total of £9.2m (2014: £8.2m). During the year the Colleges made donations to the University totalling £2.5m (2014: £2.1m) of which £1.2m was credited to specific endowments.

Current asset investments include £136.9m (2014: £91.2m) held on behalf of eleven (2014: ten) Colleges in the form of CUEF units (see note 27) and £10.0m (2014: £9.0m) held on behalf of the Isaac Newton Trust.

Colleges Fund	2015	2014
	£000	£000
Balance at 1 August	17	15
Contributions received from Colleges	4,139	3,979
Interest earned	4	3
Payments to Colleges	(4,140)	(3,980)
Balance at 31 July included in creditors	20	17

The Colleges Fund is administered by the University on behalf of the Colleges, who make all contributions to and receive all allocations from the Fund. The transactions on the Colleges Fund are not included in the income and expenditure account.

36 Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission. Some of the connected institutions are included as subsidiary undertakings in these consolidated financial statements; others are not included in the consolidation since the University does not have control over their activities. The movements in the year on these charities' funds as reported in their own accounts were as follows:

	Opening	Income	Expenditure	Market value	Closing
	Balance	£m	£m	increase	balance
	£m	£m	£m	£m	£m
Consolidated (see note 33)					
Cambridge Commonwealth, European and International Trust	128.7	21.6	(22.2)	13.9	142.0
Gates Cambridge Trust	208.3	7.4	(6.7)	21.8	230.8
Malaysian Commonwealth Studies Centre in Cambridge	8.4	0.4	(2.0)	0.5	7.3
The Dennis S Avery and Sally Tsui Wong-Avery Endowment Trust	2.2	0.1	-	0.2	2.5
Oxford Cambridge and RSA Examinations	90.8	84.7	(91.3)	8.1	92.3
Strangeways Research Laboratory	1.2	0.1	(0.1)	0.2	1.4
	439.6	114.3	(122.3)	44.7	476.3
Fund balances are included in the consolidated balance sheet as:					
Expendable endowments	218.1				239.9
Permanent endowments	3.5				3.8
Reserves	218.0				232.6
	439.6				476.3
Not consolidated					
Isaac Newton Trust, established by Trinity College (see note 35) to promote education, learning and research in the University (accounts drawn up to 30 June 2015)	11.2	6.8	(7.7)	1.3	11.6
University of Cambridge Veterinary School Trust, for the support of veterinary education in the University	1.1	0.3	(0.5)	-	0.9
One smaller scholarship trust	0.3	-	-	-	0.3
Registered clubs and societies:					
Cambridge Dancers' Club	-	0.1	(0.1)	-	-
Cambridge University Amateur Dramatic Club	0.1	0.2	(0.2)	-	0.1
Cambridge University Boat Club	1.8	1.0	(0.8)	-	2.0
Cambridge University Polo Club	0.3	0.1	(0.1)	-	0.3
Cambridge University Real Tennis Club	0.2	0.1	(0.1)	-	0.2
Cambridge University Rugby Union Football Club	0.9	0.5	(0.6)	-	0.8
Cambridge University Women's Boat Club Association	0.2	0.6	(0.3)	-	0.5
Cambridge University Yacht Club	-	0.1	(0.1)	-	-
391 smaller clubs and societies	2.8	2.6	(2.3)	-	3.1
	18.9	12.4	(12.8)	1.3	19.8

*Notes to the accounts (continued)***37 Financial risk management**

In the ordinary course of its activities, the University manages a variety of financial risks including credit risk, liquidity risk and market risk. The principal risks and the University's approach to managing them are set out below. In view of the significance of the Cambridge University Endowment Fund (CUEF, see note 27), some aspects of financial risk management are considered for CUEF and non-CUEF separately.

Through the CUEF, the University invests in various categories of assets for the long term in order to achieve the CUEF's investment objective of a total return of RPI plus 5.25 per cent per annum. The CUEF is managed by the University's Investment Office, with the oversight of the University's Investment Board. In order to pursue its investment objective the CUEF seeks exposure to a variety of risks. This exposure could result in a reduction in the University's net assets.

a Credit risk

Credit risk is the risk that the University would incur a financial loss if a counterparty were to fail to discharge its obligations to the University.

Credit risk exposure

The University is exposed to credit risk in respect of its financial assets held with various counterparties. The following table details the maximum exposure to credit risk at 31 July:

	2015 £m	2014 £m
Interest-bearing securities	14.8	15.0
Derivative financial instrument asset positions	51.7	25.0
Investment cash balances	111.7	162.1
Trade debtors: invoices receivable	168.4	156.1
Other debtors	190.5	145.4
Money market investments	293.1	313.0
Cash at bank	67.0	50.1
Total financial assets exposed to credit risk	897.2	866.7
Of the above financial assets only certain trade debtors, as detailed below, were past their due date or were impaired during the year.		
Trade debtors: outstanding invoices	175.9	161.6
Less: Provision for impairment of receivables	(7.5)	(5.5)
	168.4	156.1

Trade debtors that are less than three months past their due date are not considered impaired unless they are included in the specific provision. At 31 July 2015, trade debtors with carrying value of £46.2m (2014: £53.5m) were past their due date but not impaired.

	2015 £m	2014 £m
Balances against which a provision has been made	10.5	11.3
Balances not past their due date	119.1	96.8
Up to 3 months past due	36.5	36.7
3 to 6 months past due	6.2	9.5
Over 6 months past due	3.5	7.3
	175.8	161.6
Movement on provision for impairment of receivables		
Opening balance	5.5	
Provided in year	3.1	
Balances written off	(1.1)	
Closing balance	7.5	

Risk management policies and procedures

The University aims to minimise its counterparty credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties, including setting appropriate exposure limits and maturities. The creditworthiness and financial strength of trading customers and research sponsors is assessed at inception and on an ongoing basis. Counterparties for investment assets and bank accounts are selected based on their financial ratings, regulatory environments and specific circumstances.

In respect of the CUEF, fund managers appointed by the CUEF have responsibility for choosing reliable counterparties. Where CUEF investments are managed directly by the University, investment transactions are carried out with well established, approved brokers. Investment transactions are done on a cash against receipt or cash against delivery basis.

Term deposits and cash balances outside the CUEF are subject to authorised limits and rating criteria which are subject to annual review.

*Notes to the accounts (continued)***37 Financial risk management (continued)****a Credit risk (continued)**

The ratings of term deposits and cash balances at 31 July were as follows:

Fitch credit quality rating (short / long term)		2015 £m	2014 £m
F1+ / AA	Highest / Very High	60.1	94.8
F1 / A+	Highest / High	46.7	8.7
F1 / A	Highest / High	161.0	236.7
F2 / A-	Good / High	87.4	16.1
F3 / BBB	Fair / Good	2.4	6.6
Lower ratings		2.5	0.2
		360.1	363.1

b Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties raising cash to meet its obligations when they fall due. Obligations are associated with financial liabilities and capital commitments.

Risk management policies and procedures

The majority of the assets held by the CUEF are investments in quoted securities and in funds that are readily realisable; while these assets are not available to fund obligations beyond those of the CUEF, there is no significant liquidity risk in relation to the CUEF itself.

Outside the CUEF, the Group monitors its exposure to liquidity risk by regularly monitoring its liabilities and commitments and holding appropriate levels of liquid assets. The Finance Committee approves the Liquidity Policy periodically. Liquidity and cash forecasts are reviewed by the Director of Finance on a quarterly basis. Cash and short-term deposits are maintained at levels sufficient to fund three months' operational and capital expenditure. Short-term deposits are placed with various terms between call and six months.

The following tables summarise the maturity of the Group's undiscounted contractual payments.

	Three months or less £m	Between three months and one year £m	Between one and five years £m	More than five years £m	Total £m
As at 31 July 2015:					
Bond liabilities	6.6	6.6	52.5	829.0	894.7
Derivative financial instruments liability positions	51.7	-	-	-	51.7
Investments held on behalf of others	151.6	-	-	-	151.6
Bank overdraft	12.1	-	-	-	12.1
Bank and other loans	0.4	1.6	1.5	-	3.5
Other creditors excluding deferred income	151.2	0.6	1.1	-	152.9
Totals at 31 July 2015	373.6	8.8	55.1	829.0	1,266.5
As at 31 July 2014:					
Bond liabilities	6.6	6.6	52.5	842.2	907.9
Derivative financial instruments liability positions	24.0	-	-	-	24.0
Investments held on behalf of others	105.1	-	-	-	105.1
Bank overdraft	3.0	-	-	-	3.0
Bank and other loans	0.3	0.5	3.3	-	4.1
Other creditors excluding deferred income	146.9	7.9	-	-	154.8
Totals at 31 July 2014	285.9	15.0	55.8	842.2	1,198.9

Capital commitments, excluded from the above analysis, are disclosed at note 31.

c Market risk

Market risk is the risk of changes to the fair value of the Group's financial instruments. Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

CUEF

The Investment Board advises the Council and is made up of investment professionals. The Investment Board monitors the performance of the Investment Office as well as providing advice to it. Investments in the CUEF are selected and combined with the aim of optimising the future long-term total return bearing in mind the expected future volatility of the return. The risk taken in order to meet the total return objective is managed by utilising diversification of investment strategies, of investment asset classes and of external investment managers. The CUEF operates an evolving asset allocation, in the context of a long-term direction. The proposed changes over the following twelve months are revised quarterly in discussion with the Investment Board. Within each asset class, fund managers are appointed and carry out the day-to-day investment transactions.

*Notes to the accounts (continued)***37 Financial risk management (continued)****c (i) Currency risk**

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to foreign currency exchange rates. The functional currency of the University and the presentational currency of the Group is Sterling. However, the Group has investment assets denominated in currencies other than Sterling and is impacted by fluctuations in foreign currency exchange rates.

At 31 July the CUEF had the following principal net exposures:

	2015	2014
Pounds Sterling	54.9%	51.4%
US Dollar	29.6%	30.4%
Euro	3.4%	4.6%
Japanese Yen	4.5%	4.5%
Other currency	7.6%	9.1%
	100.0%	100.0%

The currency exposure for overseas investments is based on the quotation or reporting currency of each holding, while the currency exposure for net monetary assets is based on the currency in which each asset or liability is denominated.

The following table summarises the significant assets and liabilities exposed to currency risk as at 31 July 2015:

	US Dollar \$m	Euro €m	US Dollar £m	Euro £m	Other £m	Total £m
CUEF investment assets excluding currency contracts	1,949.2	252.5	1,249.1	178.8	364.9	1,792.8
CUEF forward currency contracts	(774.9)	(131.1)	(496.6)	(92.8)	(56.5)	(645.9)
Net exposure of CUEF	1,174.3	121.4	752.5	86.0	308.4	1,146.9
Exposures outside CUEF:						
Debtors	44.7	15.8	28.6	11.2	19.9	59.7
Cash balances	14.5	6.6	9.3	4.7	11.0	25.0
Creditors including bank and other loans	(44.1)	(6.6)	(25.2)	(2.0)	(12.6)	(39.8)
Net exposure	1,189.4	137.2	765.2	99.9	326.7	1,191.8

Impact on total recognised gains for the year 2014-15:

10% US Dollar appreciation	76.5
10% Euro appreciation	10.0

The following table summarises the significant assets and liabilities exposed to currency risk as at 31 July 2014:

	US Dollar \$m	Euro €m	US Dollar £m	Euro £m	Other £m	Total £m
CUEF investment assets excluding currency contracts	1,736.0	248.8	1,028.3	197.2	361.2	1,586.7
CUEF forward currency contracts	(563.2)	(117.6)	(333.6)	(93.2)	(49.1)	(475.9)
Net exposure of CUEF	1,172.8	131.2	694.7	104.0	312.1	1,110.8
Exposures outside CUEF:						
Debtors	35.1	15.6	20.8	12.4	20.1	53.3
Money market investments	4.0	8.5	2.4	6.8	-	9.2
Cash balances	9.0	5.0	5.4	4.0	12.5	21.9
Creditors including bank and other loans	(34.0)	(4.0)	(20.2)	(3.2)	(13.0)	(36.4)
Forward currency contracts	(39.5)	(47.5)	(23.4)	(37.6)	-	(61.0)
Net exposure	1,147.4	108.8	679.7	86.4	331.7	1,097.8

Impact on total recognised gains for the year 2013-14:

10% US Dollar appreciation	68.0
10% Euro appreciation	8.6

Risk management policies and procedures

Currency positions in the assets and liabilities of the CUEF are reviewed regularly by the Chief Investment Officer and the currency exposure is managed within the asset allocation strategy.

*Notes to the accounts (continued)***37 Financial risk management (continued)****c (ii) Interest rate risk**

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in market interest rates (ie for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (ie for floating rate assets or liabilities).

Interest rate exposure and sensitivity

As stated in the accounting policies, the University's Bond liabilities are measured at amortised cost using the effective interest rate method, rather than at fair value. The University has not invested in variable rate deposits or interest-bearing securities.

Interest rate risk is focused on the potential impact of interest rate changes on the fair value of investments in fixed interest securities.

At 31 July 2015 the University held £14.8m (2014: £15.0m) of corporate and overseas government bonds with fixed interest.

Risk management policies and procedures

The University takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions.

c (iii) Other price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price (other than those arising from currency risk or interest rate risk), caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

This is a key risk for the University because of the significance of the endowments and other funds invested in the CUEF and the dependence of future plans on maintaining the value of CUEF units in real terms.

Concentration of exposure to other price risk

As the majority of the CUEF's investments are carried at fair value, all changes in market conditions will directly affect the University's net assets. The fund's asset allocation at the reporting date is shown in note 27.

*Notes to the accounts (continued)***38 Fair value**

Debtors and current liabilities are stated in the Group balance sheet at book values which are not materially different from their fair values. The Bond liabilities are measured at amortised cost of £342.4m (2014: £342.3m, see note 21) whereas the fair value of the Bond liabilities at 31 July 2015 was £414m (2014: £370m) based on trading nearest to the balance sheet date. The book values of the Group's other financial assets and liabilities shown on the balance sheet are the same as the fair values.

The following table categorises the fair values of the Group's investment assets and liabilities based on the inputs to the valuation. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1: Valued using quoted prices in active markets for identical assets.
 Level 2: Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
 Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

Fair value measurements using the FRS 29 fair value hierarchies	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Investment assets at fair value as at 31 July 2015				
CUEF: Quoted investments	778.2	-	-	778.2
Unquoted investments	-	1,685.2	21.7	1,706.9
Derivative financial instruments asset positions	51.7	-	-	51.7
Cash in hand and at investment managers	66.6	-	-	66.6
Total CUEF assets	896.5	1,685.2	21.7	2,603.4
Other quoted investments	29.8	-	-	29.8
Other unquoted investments	-	55.6	39.9	95.5
Investment properties	-	161.0	-	161.0
Money market investments	293.1	-	-	293.1
Cash in hand and at investment managers	12.1	45.1	-	57.2
Total investment assets at fair value	1,231.5	1,946.9	61.6	3,240.0
Derivative financial instruments liability positions (CUEF)	(51.8)	-	-	(51.8)
Total investments at fair value at 31 July 2015	1,179.7	1,946.9	61.6	3,188.2

Investment assets at fair value as at 31 July 2014

The following analysis differs from that presented in the 2013 financial statements, having been restated following the receipt of additional information from the University's custodian.

CUEF: Quoted investments	816.3	-	-	816.3
Unquoted investments	-	1,312.6	29.8	1,342.4
Derivative financial instruments asset positions	25.0	-	-	25.0
Cash in hand and at investment managers	67.3	56.9	-	124.2
Total CUEF assets	908.6	1,369.5	29.8	2,307.9
Other quoted investments	28.6	-	-	28.6
Other unquoted investments	-	69.5	42.4	111.9
Investment properties	-	100.8	-	100.8
Money market investments	313.0	-	-	313.0
Cash in hand and at investment managers	6.0	71.5	-	77.5
Total investment assets at fair value	1,256.2	1,611.3	72.2	2,939.7
Derivative financial instruments liability positions (CUEF)	(24.0)	-	-	(24.0)
Total investments at fair value at 31 July 2014	1,232.2	1,611.3	72.2	2,915.7

A reconciliation of the opening and closing balances for Level 3 assets measured at fair value is detailed in the table below:

Fair value 1 August 2014	72.2
Purchases less sales proceeds	(22.0)
Total gains / (losses)	11.4
Fair value 31 July 2015	61.6

Unquoted investments include investments in hedge funds, private equity funds and property funds. The fair values of unquoted investments and derivative financial instruments held through pooled funds and partnerships are based on valuations of the underlying investments as supplied to the University's custodian by the administrators of those funds or partnerships. The Council considers that no reasonably foreseeable change to key assumptions in the Level 3 valuations would result in a significant change in fair value. Transfers into and out of Level 3 occur when the classification of the underlying assets and liabilities of these funds changes.